

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6623

BILL NUMBER: HB 1179

NOTE PREPARED: Dec 22, 2005

BILL AMENDED:

SUBJECT: Installment Payments of Property Taxes.

FIRST AUTHOR: Rep. McClain

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill authorizes a taxpayer who owns a homestead to petition the county fiscal body to have the county fiscal body and the Department of Local Government Finance (DLGF) establish a schedule of installments for the payment of property taxes in the county.

It requires the county fiscal body to petition the DLGF to establish a schedule of installments if a properly filed petition is signed by at least 10% of the taxpayers in the county who own homesteads. (Current law allows the county fiscal body to petition the DLGF for an installment schedule if the petition is approved by the county auditor and the county treasurer.)

The bill removes the provision requiring the approval of the county auditor and the county treasurer. It requires the DLGF to prescribe the form of the taxpayer's petition.

Effective Date: January 1, 2007.

Explanation of State Expenditures: The bill provides that a taxpayer who owns a homestead may petition the county fiscal body to request that the county fiscal body and the DLGF establish a schedule of installments for the payment of property taxes in the county. Providing that the county council must petition the DLGF under certain circumstances could result in the DLGF receiving more petitions. Additionally, the DLGF must prescribe a form that taxpayers must complete in order to petition. These provisions could add to the DLGF's administrative expenses; however, it is expected that the DLGF will be able to cover any additional expenses given its existing resources.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill provides that a taxpayer who owns a homestead may petition the county fiscal body to request that the county fiscal body establish a schedule of installments for the payment of property taxes. A county fiscal body must petition the DLGF if a petition is completed on a form prescribed by the DLGF, filed between January 1 and March 1, and signed by at least 10% of the taxpayers in the county who own homesteads. The approval of the county auditor and the county treasurer would no longer be needed. These provisions could affect county administrative expenses; however, it is expected that counties will be able to cover any additional expenses given existing resources.

Explanation of Local Revenues: Under current law, if an installment of property taxes is not completely paid on or before the due date, a penalty equal to 10% of the amount of delinquent taxes is added to the unpaid portion. Also, under current law, a county **may** petition the DLGF to establish a schedule of installments.

This bill provides that the county must petition the DLGF if the taxpayer completes a petition on a form prescribed by the DLGF, files the petition between January 1 and March 1, and the petition is signed by at least 10% of the taxpayers in the county who own homesteads.

The proposal could result in more petitions for payment of property taxes in scheduled installments. Allowing payments to be made in installments could reduce the amount of revenue collected for late payment penalties. The specific impact is indeterminable. Penalties collected are credited to the appropriate taxing units and are distributed in the same manner as other property taxes—based on a unit's levy as a proportion of all levies within the taxing district.

State Agencies Affected: DLGF.

Local Agencies Affected: Counties.

Information Sources:

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